

## CHECKLIST ENVIRONMENTAL ASSESSMENT

<b>Project Name:</b>	Yellowstone County Land Banking Tract Sale #529
<b>Proposed Implementation Date:</b>	December 2008
<b>Proponent:</b>	Montana Department of Natural Resources and Conservation
<b>Location:</b>	Sale #529: E½W½ of Section 26-T4N-R26E (160 acres)
<b>County:</b>	Yellowstone County

### I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, an isolated 160-acre parcel of State Land that is currently held in Trust for the benefit of Common Schools. Revenue generated from the sale of this parcel would be deposited into a special account to be used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income generation and potential for multiple use. The new parcel would then be held in Trust for the benefit of Common Schools. This proposed sale is being initiated through the Land Banking program (Montana Code Annotated 77-2-361 through 77-2-367) that was approved by the Legislature in 2003 and modified in the 2007 session. The purpose of this program is to allow the Department of Natural Resources and Conservation to dispose primarily of parcels that are isolated and produce low income relative to similarly classified tracts and to allow the Department to purchase land with legal public access that can support multiple uses and would provide a rate of return equal to or greater than the parcels that were sold. Additionally, this program allows for the Trust land portfolio to be diversified, by disposing of grazing parcels that make up a majority of the Trust land holdings and acquire other types of land, such as croplands.

### II. PROJECT DEVELOPMENT

#### 1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

*Provide a brief chronology of the scoping and ongoing involvement for this project.*

A letter soliciting comments and explaining the proposed sale was sent to the lessee, property owners adjoining these state parcels, and other interested parties on April 2, 2008 requesting that comments be submitted on the proposal by May 5, 2008. A complete list of individuals and interested parties contacted is included on Attachment C of this EA. A legal notice was published in the Billings Gazette on April 5, 2008 requesting that comments be submitted on the proposal by May 5, 2008. Comments were received expressing interest in purchasing the parcel.

#### 2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None.

#### 3. ALTERNATIVES CONSIDERED:

**Action Alternative:** Offer the isolated 160-acre parcel of State Land for sale at public auction and subject to statutes addressing the sale of State Land found in M.C.A. 77-2-301 et seq. Proceeds from the sale would be deposited in the Land Bank Fund to be used in conjunction with proceeds from other sales for the purchase of other State Land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

**No Action Alternative:** Defer inclusion of this tract in the Land Banking Program. This will permit the State to maintain ownership and continue the grazing lease.

### III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES* potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain **POTENTIAL IMPACTS AND MITIGATIONS** following each resource heading.
- Enter "NONE" if no impacts are identified or the resource is not present.

#### 4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

*Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.*

The existing use is expected to continue. No impacts are anticipated.

#### 5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

*Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.*

The proposed transfer of ownership of this parcel is not expected to have any direct or cumulative effects on water quality, quantity or distribution, especially considering that the existing use is expected to continue on the parcel and therefore no impacts are anticipated.

#### 6. AIR QUALITY:

*What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.*

The existing use is expected to continue. No impacts are anticipated.

#### 7. VEGETATION COVER, QUANTITY AND QUALITY:

*What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.*

The vegetation on this tract is typical of land in the surrounding area and could be affected by various land management activities including livestock grazing, development, wildlife management or agricultural use. The primary vegetative cover consists of approximately 60% annual production of mid to short grasses including, Western Wheatgrass, Needleandthread, Blue grama, Prairie junegrass and Sandberg bluegrass with perennial and annual forbs comprising approximately 15% of the annual production. The overstory of Wyoming big sagebrush gives the site a shrubby aspect and is a key component to the Sage Grouse populations in the area. In its current state the average annual forage production of this site is approximately 750 pounds per acre. The existing use is expected to continue; therefore, no direct or cumulative effects are anticipated.

#### 8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

*Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.*

A variety of big game, small mammals, raptors, game birds, and songbirds typical on undeveloped land throughout Yellowstone County potentially use this area. Wildlife populations could be affected by land use activities associated with livestock grazing, residential development, or agricultural practices. The existing land use is anticipated to continue and therefore, no direct or cumulative wildlife impacts are anticipated.

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**9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:**

*Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.*

A proposed project area search of the Montana Natural Heritage Program database identified two vertebrate animals that are listed as sensitive, a species of concern, threatened species, or endangered species: burrowing owl and greater sage-grouse.

**Greater sage-grouse** occupy the proposed project area. No leks have been identified near the proposed project area and, due to the expected continuation of the existing land use, no significant impacts are anticipated.

**Burrowing owls** are known to exist near the proposed project area and could occasionally use portions of the proposed project area. Due to the expected continuation of the existing land use, no significant impacts are anticipated.

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**10. HISTORICAL AND ARCHAEOLOGICAL SITES:**

*Identify and determine effects to historical, archaeological or paleontological resources.*

The presence or absence of antiquities is presently unknown. A Class III level inventory and subsequent evaluation of cultural and paleontologic resources would be undertaken if preliminary approval of the parcel nomination by the Board of Land Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

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**11. AESTHETICS:**

*Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.*

The existing land use is expected to continue. No impacts are anticipated.

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**12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:**

*Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.*

The existing land use is expected to continue. No impacts are anticipated.

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**13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:**

*List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.*

The only known state action on this tract is that it has been nominated for lease at the June 10, 2008 Minerals Management Bureau Oil and Gas Lease sale. If there is a winning bidder on this tract at the sale, this is no guarantee there will be any mineral production on the tract. This tract has had three previous oil and gas lessees and there has been no production from any of the lessees. If the land banking sale does proceed, the State will retain the mineral estate and create a split estate, which will still permit the oil and gas lessee to access the State minerals. There are no additional known state or federal actions in the vicinity and no additional known future actions proposed by the state that would have cumulative impacts with this proposal.

#### IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES* potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain **POTENTIAL IMPACTS AND MITIGATIONS** following each resource heading.
- Enter "NONE" if no impacts are identified or the resource is not present.

##### 14. HUMAN HEALTH AND SAFETY:

*Identify any health and safety risks posed by the project.*

The existing land use is expected to continue. No impacts are anticipated.

##### 15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

*Identify how the project would add to or alter these activities.*

The existing land use is expected to continue. No impacts are anticipated.

##### 16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

*Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.*

The existing land use is expected to continue. No impacts are anticipated.

##### 17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

*Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.*

This tract is currently tax-exempt and the sale of this tract to a non-exempt entity would add it to the county tax base, thus marginally increasing tax revenue to the Yellowstone County.

##### 18. DEMAND FOR GOVERNMENT SERVICES:

*Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services*

The existing land use is expected to continue. No impacts are anticipated.

##### 19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

*List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.*

Implementing the proposed action would not conflict with the 2003 City of Billings-Yellowstone County Growth Policy. The proposed parcel is located approximately nineteen miles north of Billings and is not within the Yellowstone County Zoning jurisdiction or in a Special Zoning District, so it is unzoned.

##### 20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

*Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.*

This tract is surrounded by private deeded property. Currently there is no legal access; no impacts are anticipated.

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**21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:**

*Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.*

The existing land use is expected to continue. No impacts are anticipated.

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**22. SOCIAL STRUCTURES AND MORES:**

*Identify potential disruption of native or traditional lifestyles or communities.*

The existing land use is expected to continue. No impacts are anticipated.

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**23. CULTURAL UNIQUENESS AND DIVERSITY:**

*How would the action affect any unique quality of the area?*

The existing land use is expected to continue. No impacts are anticipated.

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**24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:**

*Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.*

This 160-acre parcel currently has a grazing lease for 35 Animal Unit Months (.21875 AUM/acre) at a rate of \$6.94/AUM. This parcel also has 13.6 acres designated as a winter feed ground that generates \$200 annual revenue. Total revenue generated from the tract in 2008 is \$442.90 or approximately \$2.77/acre. The average annual income for the past 5 years has been \$411.29 or \$2.57/acre. Based on the DNRC Annual Report for Fiscal Year 2007, the average income for the 4.3 million acres of grazing land was \$1.83/acre with an average productivity of .26 AUM/acre. This tract is considered below average in productivity and above average in revenue per acre, due to the extra revenue generated from the winter feed ground use.

An appraisal of the property value has not been completed to date. Under DNRC rules, the appraisal would be conducted after preliminary approval to proceed is granted by the Board of Land Commissioners and the Department is conducting more detailed evaluations in order to make a final determination on whether to offer the tract for sale. The revenue generated from the sale of this tract is intended to be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access, which would provide greater management opportunities and income. Assuming an appraised value of \$750/acre, the current annual return on the asset value from grazing lease revenues for this tract is 0.37%.

<b>EA Checklist Prepared By:</b>	<b>Name:</b> Richard A. Moore	<b>Date:</b> May 20, 2008
	<b>Title:</b> Area Manager, Southern Land Office	

## V. FINDING

### 25. ALTERNATIVE SELECTED:

After review, I have selected the proposed Action Alternative; it is recommended that this tract receive preliminary approval for sale and continue with the Land Banking process.

### 26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The only comments DNRC received were from the grazing lessee expressing an interest in purchasing this parcel. This tract does not have any unique characteristics, critical habitat, or environmental conditions indicating it should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications this tract would produce substantially greater revenue or have substantially greater value to the trust in the near future.

The transfer of ownership of this isolated 160-acre parcel will not result in any significant effects to the human or natural environment.

### 27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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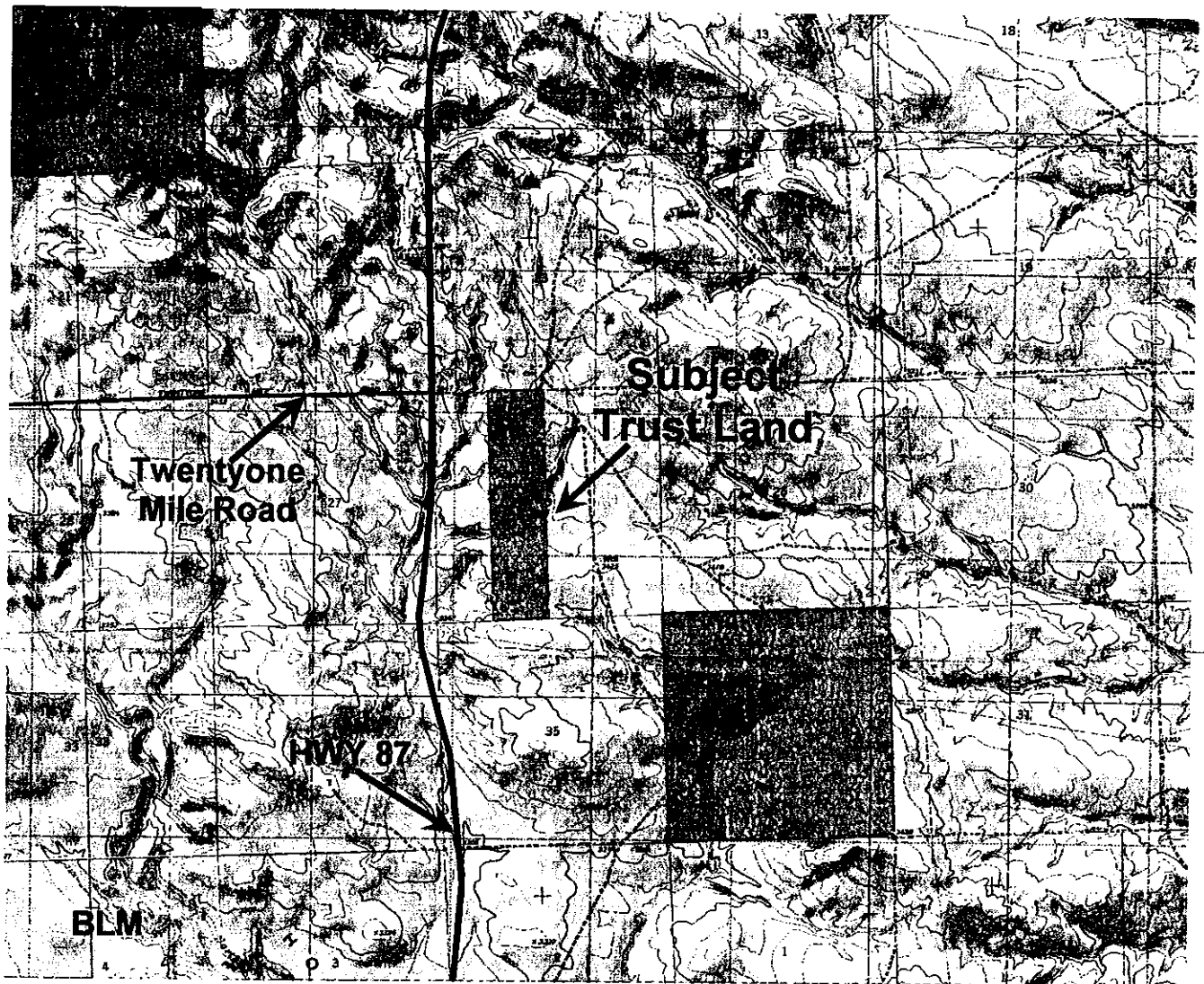
More Detailed EA

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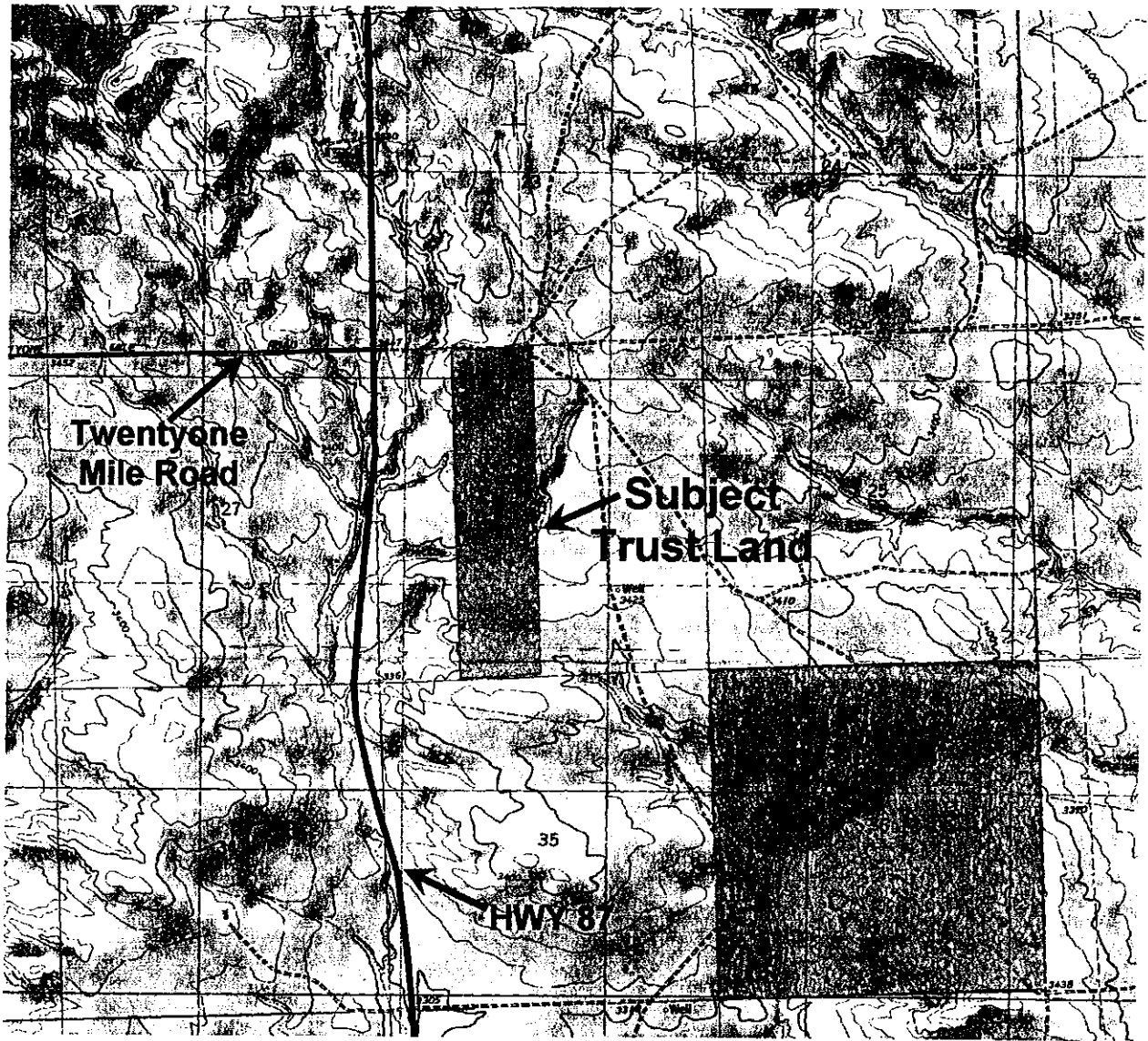
No Further Analysis

EA Checklist Approved By:	Name:	Jeff Bollman
	Title:	Area Planner, Southern Land Office
Signature:		Date: 30 May 2008

Attachment A – Area Map



**Attachment B – Property Map**





**Attachment C – List of Persons Notified in Ellis Land Banking Tract Scoping Process**

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